

This record is a partial extract of the original cable. The full text of the original cable is not available.

C O N F I D E N T I A L SECTION 01 OF 02 BRASILIA 000415

SIPDIS

E.O. 12958: DECL: 02/16/2015

TAGS: [PREL](#) [MARR](#) [BR](#)

SUBJECT: LULA IN CARACAS -- PARSING A "STRATEGIC ALLIANCE"

Classified By: POLITICAL COUNSELOR DENNIS HEARNE. REASONS: 1.4  
(B)(D).

1. (C) Summary: President Lula da Silva's state visit to Venezuela this week saw declarations and a formal statement by Lula and President Chavez announcing formation of a "strategic alliance." In practice, this seems to translate to enhanced cooperation in integration and development aimed at increased regional prosperity and bargaining strength in taking on traditional economic powers. While Chavez may have liked the sound of "strategic alliance" for other reasons, and Brazilian media expressed some concern about reports of possible Brazilian arms sales to Venezuela, any additional GOB "strategic" thinking seems focused on creating a bilateral relationship of such practical importance to Chavez that Brazil can leverage him into rational behavior. End summary.

2. (SBU) Lula's one-day state visit to Caracas on 14 February produced verbal declarations from both Lula and Chavez and a formal joint statement that announced the formation of a "strategic alliance." The prologue of the statement noted the shared frontiers, huge resources and common history of the two neighbors, and pledged common commitment to dealing with poverty, protecting the Amazon, and overcoming other challenges. The statement detailed negotiation and/or conclusion of agreements in 12 areas, including energy, mining, tax and customs regimes, financing, trade, technical and military (i.e., bilateral consultations and joint patrol efforts in the Amazon, per the statement text) cooperation. (Note: A copy of the official joint statement in Spanish will be faxed to Department WHA/BSC. End note.) According to press reports, specific agreements established a binational petrol refinery in northern Brazil, joint construction in Cuba of a lubricant factory, a joint venture in coal mining, and nearly USD 200 million in Brazilian financing of infrastructure projects.

2. (SBU) Brazilian and international media reported extensively on discussions of possible Venezuelan purchase of Embraer military aircraft -- reportedly 12 AMX-T jet attack/trainer aircraft and/or 24 ALX Super Tucano turboprop attack planes. Agreements on the purchases are not noted in the joint statement, and it is unclear whether contracts were actually signed during the visit. (Note: Venezuela already operates older models of the Tucano, and has been considering purchases of Super Tucanos for some time, but financing issues have been problematic. The Super Tucano uses substantial U.S.-origin content, including Pratt and Whitney engines. End note.) Some editorial comment here questioned concluding weapons agreements with Venezuela in light of tensions between that country and Colombia, and concerns in Washington and elsewhere about a regional arms race.

3. (SBU) In speeches during the day, Lula stressed the importance of regional integration to establishing trade and development options beyond North-South patterns, a theme warmed to by Chavez, and reflected in writing in the joint statement's allusion to creation of "a new political, economic and commercial geography." Lula's comments on Venezuela seemed limited and circumspect. On one hand, he praised the referendum process that assured Chavez's continuation in office, calling it the "most important moment for democracy in the country," and said the Venezuelan people are "the owners of their noses" (Brazilian colloquial expression equating to "masters of their destinies." But on the other hand, Lula is quoted as observing that "divergences only exist in democracies" -- a comment interpreted by some Brazilian media as a criticism of Chavez in the face of reports of his use of repressive measures.

4. (C) PolCounselor spoke on 14 February with Marcel Biato, deputy foreign affairs advisor to Lula, about the intent and significance of Lula's visit to Venezuela. Biato made the following observations:

--The GOB continues to see intensified regional integration with Venezuela and other neighbors as logical and salutary on many levels, Biato said, adding that the geographic and economic dimensions of Brazil and Venezuela, along with shared frontiers and Amazon areas, make a partnership natural and desirable.

--On a political level, Biato noted Lula's frequent exasperation with Chavez, but said the GOB sees little

potential for "tutoring" him. "He has money, he has a mandate, and he has shown he can mobilize a lot of society behind him," Biato observed. That said, Biato was candid in describing the GOB's intention to engage Chavez and Venezuela in a bilateral relationship of such depth and economic importance that the GOB "will have an increasing range of instruments of pressure to curb any meglomaniacal tendencies" on Chavez's part. Lula's visit to Caracas should be seen in that context, Biato said.

--On the resolution of the crisis between Colombia and Venezuela, Biato said it was the GOB's assessment that Chavez had finally decided he had exploited the problem to its maximum political potential, and decided to bring the issue to a close.

--Biato demurred on the question of military aircraft sales, noting only that Venezuela had been considering purchase of Super Tucanos for some time, and that questions remain about financing. On the issue of reports of Venezuela's plans to purchase several thousand AK-47 assault rifles, Biato acknowledged that there is speculation and concern about Chavez's intentions, but offered no other comment.

15. (C) Comment. We cannot know, but it is easy to imagine that the choice of the phrase "strategic alliance" was to Chavez's liking, with its resonance of military pacts. This week's undertakings may, in fact, be strategic for the Brazilians' focus on building up mechanisms for integration and development that increase regional prosperity and ability to take on traditional economic powers on more equal terms. Those are stated GOB goals since the outset of Lula's administration, and to the extent that Chavez thinks they fit into his Bolivarian zeitgeist, the GOB seems happy enough to make common cause. However, any other "strategic" intentions on Brazil's part in this week's deals would appear to be about enhancement of Brazilian means for leveraging Chavez into behaving rationally. We will seek a debrief from Lula's senior foreign affairs advisor, Marco Aurelio Garcia, on his return from Caracas. We also will be watching whether a debate takes hold here about the sale of Brazilian military equipment to Venezuela. Although the GOB has stated its intention to reinforce and expand Brazil's share of the international arms market and we think it likely Brazil will follow through with sales to Venezuela, recent editorial comment here on Chavez has been increasingly negative and questions may persist about Brazil's playing a role in his weapons-buying spree.

DANILOVICH